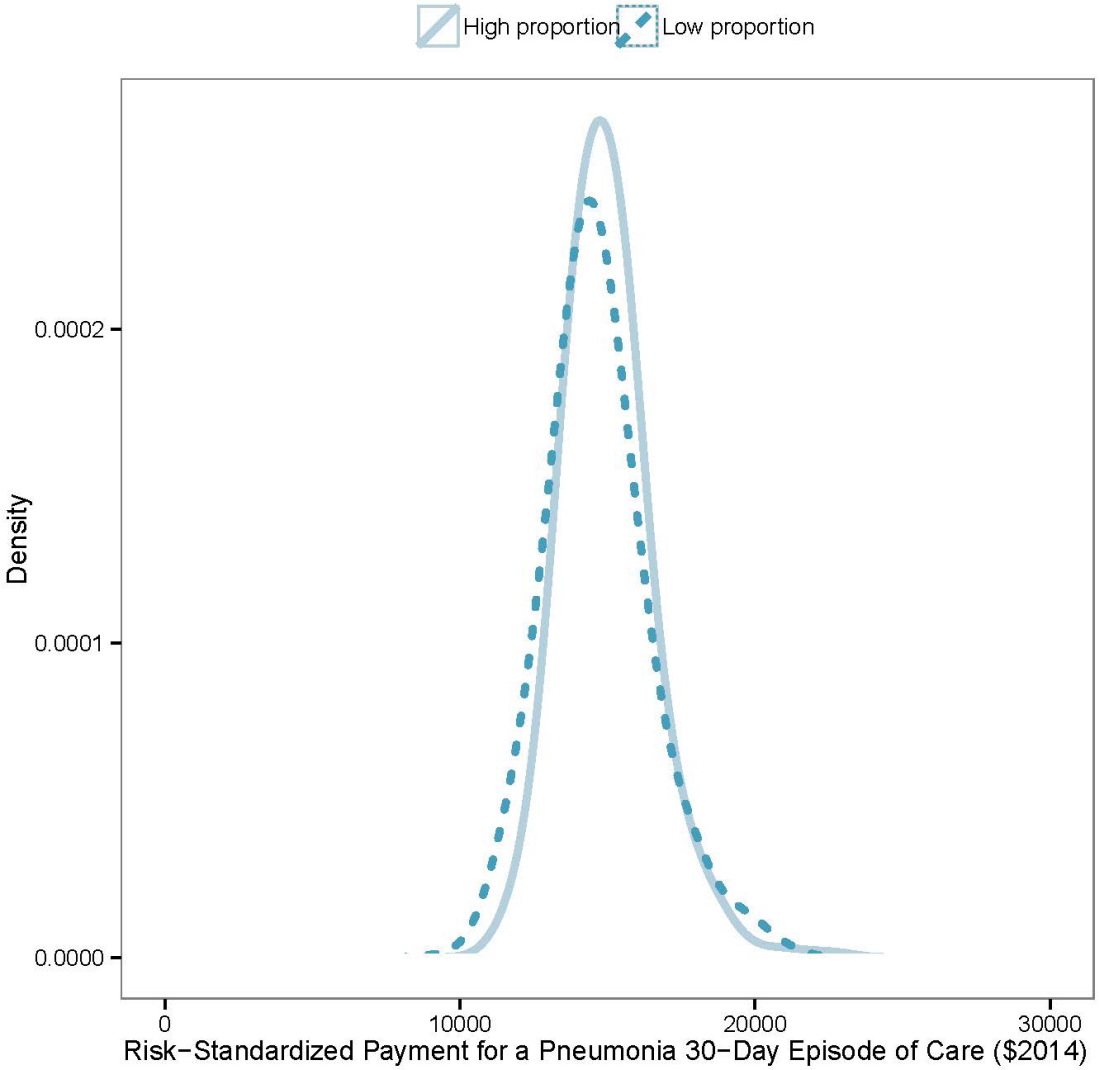
▶ Risk-standardized payments across hospitals for a 30-day episode of care following admission for pneumonia: Hospitals that serve high and low proportions of African-American patients.

The Centers for Medicare & Medicaid Services (CMS) periodically investigates select hospital practices that may impact a hospital's results on the following payment measure: hospital-level risk-standardized payment (RSP) associated with a 30-day episode of care for pneumonia [1]. The pneumonia payment measure includes admissions for Medicare fee-for-service (FFS) beneficiaries aged 65 or older [2]. The pneumonia payment measure captures payments across multiple care settings, services, and supplies (this includes inpatient, outpatient, skilled nursing facility, home health, hospice, physician/clinical laboratory/ambulance services, and durable medical equipment, prosthetics/orthotics, and supplies) [2]. To isolate payment variation that reflects practice patterns rather than factors unrelated to clinical care, geographic differences and policy adjustments in payment rates for individual services are removed from the total payment for that service [2]. Standardizing the payment in this way allows for comparison across hospitals based solely on payments for decisions related to clinical care. However, it's important to note that the pneumonia payment measure results alone are not an indication of quality. For 2016 public reporting, the pneumonia payment measure does not reflect the cohort change of the pneumonia mortality and readmission measures [2]. The pneumonia payment measure has been publicly reported on *Hospital Compare* since 2015 [3].

FIGURE I. *Distributions of pneumonia RSPs ($2014) for hospitals with the lowest and highest proportions of African-American patients, July 2012-June 2015.*



SOCIODEMOGRAPHIC STATUS

Variation in pneumonia RSPs reflects different patterns in care decisions and resource utilization (for example, treatment, supplies, or services) among hospitals for a hospital's patients both at the hospital and after they leave. To understand how caring for high or low proportions of African American patients might impact a hospital's resource utilization, we examined RSPs among hospitals with high and low proportions of African American patients. We compared the pneumonia RSP for a 30-day episode of care for the 799 hospitals with the lowest overall proportion of African-American Medicare FFS patients (0% of a hospital's Medicare FFS patients) to the 415 hospitals with the highest proportion of African-American Medicare FFS patients (≥ 21.8% of a hospital's Medicare FFS patients) for the July 2012 – June 2015 reporting period. We defined hospitals with the lowest and highest proportions of African-American patients as those that fall within the lowest and highest deciles of all hospitals with 25 or more qualifying admissions. The proportion of African-American Medicare FFS patients for each hospital was determined using the Medicare Part A Inpatient Claims from 2014. All hospitals with 0% African-American patients were included in the lowest decile. To ensure accurate assessment of each hospital, the pneumonia payment measure uses a statistical model to adjust for key differences in patient risk factors that are clinically relevant and that have a strong relationship with the payment outcome [2]. Additionally, all payments were inflation-adjusted to 2014 dollars.

TABLE I. *Distributions of pneumonia RSPs ($2014) for hospitals with the lowest and highest proportions of African-American patients, July 2012-June 2015.*

	Pneumonia RSP ($2014)	
	Lowest proportion (0%) African-American patients; n=799	Highest proportion (≥ 21.8%) African-American patients; n=415
Maximum	21,390	22,737
90%	17,014	16,813
75%	15,594	15,794
Median (50%)	14,514	14,866
25%	13,593	13,945
10%	12,573	13,323
Minimum	9,502	11,368

The median pneumonia RSP for hospitals with the lowest proportion of African-American patients was $14,514 (interquartile range [IQR]: $13,593-$15,594; Figure 1 and Table 1).The median pneumonia RSP for hospitals with the highest proportion of African-American patients was $14,866 (IQR: $13,945-$15,794; Figure 1 and Table 1).

Hospitals with the lowest proportion of African-American patients had a median pneumonia RSP that was $352 lower than that of hospitals with the highest proportion.

1. 2015 Medicare Hospital Quality Chartbook. Prepared by Yale New Haven Health Services Corporation Center for Outcomes Research and Evaluation for the Centers for Medicare and Medicaid Services. https://www.cms.gov/medicare/quality-initiatives-patient-assessment-instruments/hospitalqualityinits/outcomemeasures.html. Accessed March 1, 2016.

2. Lesli S. Ott, Nancy Kim, Angela Hsieh, et al. 2016 Measure Updates and Specifications Report Hospital-Level Risk-Standardized Payment Measures: Acute Myocardial Infarction – Version 5.0, Heart Failure – Version 3.0, Pneumonia – Version 3.0, Elective Primary Total Hip Arthroplasty (THA) and/or Total Knee Arthroplasty (TKA) – Version 2.0. https://www.qualitynet.org/dcs/ContentServer?c=Page&pagename=QnetPublic%2FPage%2FQnetTier4&cid=1228774267858. Accessed May 9, 2016.

3. Hospital Inpatient Quality Reporting (IQR) Program Overview. QualityNet website. https://www.qualitynet.org/dcs/ContentServer?c=Page&pagename=QnetPublic%2FPage%2FQnetTier2&cid=1138115987129. Accessed March 4, 2016.